

Second-Party Opinion

VPBank Social Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the VPBank Social Finance Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2021 and the Social Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds (Access to Essential Services – Financial Inclusion, Employment Generation, Socio-economic Advancement and Empowerment; Access to Essential Services – Healthcare; Access to Essential Services – Education and Vocational Training; Affordable Housing; and Affordable Basic Infrastructure – Clean Drinking Water, Sanitation, Transport and Telecom Network) are aligned with those recognized by the Social Bond Principles and Social Loan Principles that seek to achieve positive socio-economic outcomes in Vietnam. Sustainalytics considers that investments in the eligible categories are expected to lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 9 and 11.



PROJECT EVALUATION / SELECTION Vietnam Prosperity Joint Stock Commercial Bank’s Credit Committee and E&S Specialists will be responsible for evaluating and selecting eligible projects in line with the eligibility criteria in the Framework. The Vietnam Prosperity Joint Stock Commercial Bank has established an environmental and social risk management system that is applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with the Social Bond Principles and Social Loan Principles.



MANAGEMENT OF PROCEEDS Vietnam Prosperity Joint Stock Commercial Bank’s Balance Sheet Management Department will be responsible for the management and allocation of proceeds through its internal information system. The Bank intends to allocate all proceeds to eligible assets within 36 months of issuance. Unallocated proceeds will be temporarily held in cash and cash equivalents in accordance with the Bank’s liquidity management strategy. This is in line with the Social Bond Principles and Social Loan Principles.



REPORTING Vietnam Prosperity Joint Stock Commercial Bank intends to report on the allocation of proceeds to its investors on an annual basis until full allocation. Allocation reporting will include the amount of proceeds allocated to eligible categories, the balance of unallocated proceeds and the share of proceeds allocated to financing versus refinancing of projects. The Vietnam Prosperity Joint Stock Commercial Bank also intends to disclose relevant social metrics either on each project or on a portfolio level. Sustainalytics views Vietnam Prosperity Joint Stock Commercial Bank’s allocation and impact reporting as aligned with the Social Bond Principles and Social Loan Principles.

Evaluation Date October 27, 2022

Issuer Location Hanoi, Vietnam

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For inquiries, contact the Sustainable Finance Solutions project team:

Abhishek Patane (Mumbai)
Project Manager

Ashok Yashwant (Mumbai)
Project Support

Chinmay Sirdeshmukh (Mumbai)
Project Support

Chetna Chauhan (Mumbai)
Project Support

Cheryl Tay (Singapore)
Client Relations
susfinance.apac@sustainalytics.com
(+852) 3008 2391

Introduction

Vietnam Prosperity Joint Stock Commercial Bank (“VPBank” or the “Bank”) was established in 1993 with headquarters in Hanoi, Vietnam. The Bank provides banking products and services to segments related to i) retail, ii) household, iii) small and medium enterprises (SMEs), iv) commercial, and v) corporate. VPBank operates 228 branches, 87 SME centres and four corporate banking branches, serving more than 7.4 million active individual and corporate customers in Vietnam and employing more than 25,600 employees as of 2021.

VPBank has developed the VPBank Social Finance Framework (the “Framework”), under which it intends to issue and borrow social bonds, loans and other debt instruments, such as private placements (bonds and loans) and trade facilities (letters of credit and guarantees), and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to contribute to positive socio-economic impacts in Vietnam. The Framework defines eligibility criteria in five areas:

1. Access to Essential Services – Financial Inclusion, Employment Generation, Socio-economic Advancement and Empowerment
2. Access to Essential Services – Healthcare
3. Access to Essential Services – Education and Vocational Training
4. Affordable Housing
5. Affordable Basic Infrastructure – Clean Drinking Water, Sanitation, Transport and Telecom Network

VPBank engaged Sustainalytics to review the VPBank Social Finance Framework, dated October 2022, and provide a Second-Party Opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2021 (SBP)¹ and the Social Loan Principles 2021 (SLP).² The Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Social Bond Principles 2021, as administered by ICMA, and the Social Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12.1, which is informed by market practice and Sustainalytics expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of VPBank’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. VPBank representatives have confirmed (1) they understand it is the sole responsibility of VPBank to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

¹ The Social Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

² The Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at: <https://www.lsta.org/content/social-loan-principles-slp/>

³ The VPBank Social Finance Framework will be available on VPBank’s website at: <https://www.vpbank.com.vn/en/ve-chung-toi/phat-trien-ben-vung>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and VPBank.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, VPBank is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that VPBank has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the VPBank Social Finance Framework

Sustainalytics is of the opinion that the VPBank Social Finance Framework is credible and impactful and aligns with the four core components of the SBP and SLP. Sustainalytics highlights the following elements of VPBank's Social Finance Framework:

- Use of Proceeds:
 - The eligible categories (Access to Essential Services – Financial Inclusion, Employment Generation, Socio-economic Advancement and Empowerment; Access to Essential Services – Healthcare; Access to Essential Services – Education and Vocational Training; Affordable Housing; and Affordable Basic Infrastructure – Clean Drinking Water, Sanitation, Transport and Telecom Network) are aligned with those recognized by the SBP and SLP. Sustainalytics views these expenditures as having the potential to contribute to a positive socio-economic impact in Vietnam.
 - VPBank has established a three-year look-back period for refinancing activities, which Sustainalytics considers to be good practice.
 - Under the Framework, VPBank may direct expenditures to project-based lending and eligible projects of businesses. The Bank has confirmed to Sustainalytics that it will perform due diligence when financing companies to ensure that the proceeds are financed only to the eligible categories and projects listed in the Framework.
 - Under the Access to Essential services – Financial Inclusion, Employment Generation, Socio-economic Advancement and Empowerment category, VPBank may finance or refinance projects as per the following criteria:
 - Financial products and services such as loans, letters of credit, guarantees and credit card services to micro, small and medium size enterprises (MSMEs) and women-led enterprises.
 - The Bank defines MSMEs as those that i) have more than 50% of its share capital owned by the private sector, ii) are neither a related party nor an affiliate of VPBank, iii) conduct their business and operations primarily in Vietnam, and iv) either:
 - Borrow USD 5,000 to USD 1 million from VPBank
 - Meet two out of three sub-criteria: 1) have between 10 to 300 employees, 2) have total assets between USD 100,000 and USD 15 million, or 3) have annual sales between USD 100,000 and USD 15 million.

- The Bank may also provide financial services to any person residing in Vietnam representing any legal entity which meets the criteria of MSME stated above. Sustainalytics notes that the Bank follows the criteria defined by the IFC, ADB and those required by its lenders for social loans.⁵
- The Bank defines women-led enterprises as any MSME: i) where at least 51% of the share capital is owned by women or a woman, or ii) where:
 - At least 20% of the share capital is owned by women or a woman
 - Its most senior or second-most senior executive is a woman
 - The share of women in senior management (where a board does not exist) or Board of Directors has more than 30% representation of women.
- Sustainalytics considers the well-targeted approach for financing in a developing economy such as Vietnam to be impactful in improving access to financing services for MSMEs.
- VPBank may also finance projects focused on the development, distribution and expansion of digital services to improve access to financial services for MSMEs. Potential expenditures include digital services such as online overdraft, online disbursement, online auto-lending, MasterCard payment gateway services, eKYC, NEO Biz,⁶ online telegraphic transfer remittance, online guarantee and online payroll. VPBank has confirmed to Sustainalytics that its investments are limited to projects that bridge an existing digital connectivity gap and that it will report on the positive social impact. Sustainalytics considers the socio-economic benefits of increasing access to digital services for MSMEs to be impactful.
- In the Access to Essential Services – Healthcare category, VPBank intends to finance projects that contribute to improved access to public and private⁷ healthcare products and services in Vietnam. Potential expenditures may include the following:
 - Providing healthcare services such as medical examinations, general and emergency treatments, vaccination, preventive health examinations, rehabilitation and examination and detection of occupational diseases. This also includes providing medicines and vaccines to the general public in Vietnam.
 - Recruiting, developing, training and retaining staff in the public healthcare sector. VPBank has communicated to Sustainalytics that the retention of healthcare staff will include salaries and increments and training costs of staff. Sustainalytics is of the opinion that such activities can create positive social impact.
 - Developing, acquiring, renovating and improving healthcare infrastructure, such as hospitals and health centres.
 - Providing healthcare machinery and equipment such as diagnostic and life-saving equipment, including ventilators and defibrillators, durable medical equipment such as radiotherapy, as well as digital and software infrastructure to improve healthcare services, such as electronic medical records, online insurance payment systems and status monitoring software for COVID-19 vaccines.
 - Financing vehicles associated with healthcare services, such as mobile testing vehicles and ambulances. VPBank has confirmed to Sustainalytics that the financing to vehicles will only be restricted to those vehicles that meet Euro 5 emission standards as per Vietnamese national law.⁸

⁵ IFC, “IFC’s Definitions of Targeted Sectors”, at:

https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/ifcs+definitions+of+targeted+sectors#:~:text=MSME%20An%20enterprise%20qualifies%20as%20a%20micro%2C%20small,the%20relevant%20MSME%20loan%20size%20proxy.%20Woman-Owned%20Enterprise

⁶ NEO Biz is an application developed by VPBank to provide financial services such as internal money transfer, bill payments to its customers.

⁷ VPBank has communicated to Sustainalytics that financing private healthcare facilities and services will be limited to hospitals that have signed the agreement of medical examination and treatment with the Vietnam Health Insurance Organization. Further, the Bank has confirmed to Sustainalytics, that the payment level of social insurance at private hospitals is equivalent to that of public hospitals, and financing will be limited to private hospitals that have specific free/affordable healthcare program for vulnerable groups. The list of such hospitals can be accessed on Vietnam Social Security’s website at: <https://baohiemxahoi.gov.vn/tracuu/Pages/ckscb-ky-hop-dong-kham-chua-benh-bhyt.aspx>

⁸ Vietnam Plus, “Euro 5 emission standards to be rolled out for new cars in Vietnam early 2022”, (2021), at: <https://en.vietnamplus.vn/euro-5-emission-standards-to-be-rolled-out-for-new-cars-in-vietnam-early-2022/217944.vnp>

- Sustainalytics recognizes the importance of promoting universal healthcare in a developing economy like Vietnam and is of the opinion that such activities can create a positive social impact.
- Under the Access to Essential Services – Education and Vocational Training category, VPBank intends to finance or refinance projects supporting the development of public and private educational infrastructure facilities and services in Vietnam. Potential expenditures may include the following:
 - Development of infrastructure and services which focus on providing quality pre-primary, primary and secondary education and vocational training.
 - Maintenance, upgrade and construction of educational facilities, such as vocational training schools for children and people with disability to provide inclusive learning environments.
 - Activities that involve recruitment, hiring and expenses for the professional improvement of teachers in public education facilities or public institutes.
 - The Bank has confirmed to Sustainalytics that expenditures towards pre-primary, primary and secondary education is limited to public schools. Further, the Bank has confirmed to Sustainalytics that expenditures towards private vocational training centres and schools for people with disabilities will be limited to educational institutes that are free or charge the same as public institutes, and the expenditures will be restricted only to people with disabilities.⁹
 - Sustainalytics considers such expenditures to enhance access to education in Vietnam and is of the opinion that such activities can create positive social impact.
- Under the Affordable Housing category, the Bank may finance or refinance projects intended for increasing access to housing targeting underserved populations in Vietnam. Eligible investments include offering mortgages to underserved buyers and providing house improvement loans to underserved homeowners. Potential expenditures will be limited to the following target populations:
 - Under the criterion 1 of Annexure C of the Framework, target population includes households living in poverty or near poverty in rural areas.¹⁰ Sustainalytics considers the well-targeted approach for financing housing with lower preferential interest rates¹¹ in a developing economy like Vietnam to be impactful in improving access to affordable housing.
 - Under criteria 2, 3, 4 and 5 of Annexure C of the Framework, target population may also include: i) households that are often affected by natural disasters or climate changes in rural areas;¹² ii) individuals living in low income,¹³ poverty or near poverty in urban areas; iii) employees working for enterprises inside or outside the industrial zones;¹⁴ and iv) households or individuals subject to land withdrawal and land clearance as prescribed without any compensation in the form of housing or residential land paid by the state.¹⁵ Sustainalytics views expenditures under such criteria can increase housing for the vulnerable and

⁹ Generally, all vocational training institutions for people with disabilities in Vietnam are entitled to preferential policies of the government, so such institutes often provide free training or offer affordable tuition fees for people with disabilities. According to Law on Persons with Disabilities No. 51/2010/QH12 (2010), such people are supported by the government for vocational training costs. The level of support is regulated by the Government periodically. Currently the support level is up to VND 6 million/person/course according to the Government's Decision No. 46/2015/QĐ-TTg in 2015. In addition, each province/city also issues regulations on vocational training tuition fees for people with disabilities in their respective localities.

¹⁰ The Framework defines low income, poverty or near-poverty according to Vietnam's Decree 07/2021/ND-CP on multidimensional poverty line for 2022-2025 period. The Framework will be available at: <https://www.vpbank.com.vn/en/ve-chung-toi/phat-trien-ben-vung>

¹¹ Batdongsan, "Home loan interest rate in 10/2022: Best 4,99%", at: <https://batdongsan.com.vn/tai-chinh-chung-khoan-bat-dong-san/lai-suat-vay-mua-nha-ngan-hang-nao-thap-nhat-ar103041>

¹² VPBank has communicated to Sustainalytics that financing to such groups will be limited to home buyers listed in corresponding housing programmes of the Vietnamese state agency.

¹³ Low-income individuals are defined as those whose total income does not meet the threshold to pay personal income tax. The revised threshold for such individuals in Vietnam includes individuals with income up to VND 11 million/month: at: <https://chicuc huequan1.gov.vn/nghi-quyet-954-2020-ubtvqh14-ve-dieu-chinh-muc-giam-tru-gia-can-h-cua-thue-thu-nhap-ca-nhan/>

¹⁴ VPBank has communicated to Sustainalytics that such employees fall under the low-income category i.e. those who are not obligated to pay regular income tax due to their low-income level, as prescribed by the Law on Personal Income Tax, or in case of in poverty or near-poverty households. In addition, the Bank has confirmed that the threshold is restricted to the low-income employees i.e. with income up to VND 11 million/month, at: <https://chicuc huequan1.gov.vn/nghi-quyet-954-2020-ubtvqh14-ve-dieu-chinh-muc-giam-tru-gia-can-h-cua-thue-thu-nhap-ca-nhan/>

¹⁵ VPBank has communicated to Sustainalytics that financing will be limited to home buyers who can prove that their housing asset belongs to the list of assets recognized by the relevant authority for land withdrawal or clearance, where compensation is due.

underserved in Vietnam, especially for individuals living in poverty and near poverty, including individuals in high-burden urban areas and industrial zones facing issues of affordability and access to credit.^{16,17} However, Sustainalytics notes that loans provided to those that i) are affected by natural disasters, ii) are living in low income range in urban areas, and iii) are working for enterprises inside or outside the industrial zones, and iv) have not received compensation in case of land withdrawal or clearance, may also be directed towards beneficiaries other than those households or individuals falling below or near the median income in Vietnam.¹⁸ Sustainalytics notes that the criteria either does not include an income threshold or includes the upper threshold (low income i.e. VND 11 million/month) that substantially deviates from the median or near median income in Vietnam. In addition, Sustainalytics considers that the mortgages provided may not directly address the targeted population's resilience to natural disaster or correlate to land withdrawal and clearance. Sustainalytics considers an emphasis on beneficiaries below or near median income to be socially impactful. While VPBank intends to finance housing mortgages and loans for broader spectrum of target populations, including those beneficiaries with income other than below or near the median income in Vietnam, Sustainalytics notes that the criteria go beyond focusing on below or near median income beneficiaries. As such, Sustainalytics considers the aforementioned criteria to be a limitation in the Framework. Nonetheless, Sustainalytics acknowledges that the affordable housing criteria will be consistent with Vietnam's social housing policy and relevant laws. Furthermore, Sustainalytics encourages VPBank to prioritize lending to beneficiaries with income below or near the median income in Vietnam, particularly under criteria 2, 3, 4 and 5 of Annexure C of the Framework, in order to ensure and maximize the social benefit, and report on the impacts on beneficiaries.

- VPBank has confirmed to Sustainalytics that it will perform the necessary due diligence when providing loans to understand the borrowers' financial situations, mitigate risk of borrowers and ensure that they understand the terms of the loans to avoid predatory lending, and ensure that the loan aligns with the social housing policies and decrees. In addition, the Bank intends to finance social housing projects in line with the Vietnam government's social housing programme focused on low-income populations in urban areas.^{19,20}
- Sustainalytics considers the Bank's interest rates to be low compared to other banks in Vietnam and further notes that the Bank may provide flexible loans with a long tenure period. This may enable target populations to access loans more easily, and Sustainalytics, therefore, acknowledges the expected positive social impact.

¹⁶ Seo D, Chung YS, Kwon Y., "Price Determinants of Affordable Apartments in Vietnam: Toward the Public-Private Partnerships for Sustainable Housing Development. Sustainability", (2018), at: <https://doi.org/10.3390/su10010197>

¹⁷ Hoa, T. Q. H., & Dinh Tuyen, P., "Social Housing for Workers in Industrial Zones in Vietnam - Concepts and Practical Solutions towards Sustainable Development. The Case Studies of Hanoi City", International Journal of Sustainable Construction Engineering and Technology, 12(1), pp. 240-258, at: <https://penerbit.uthm.edu.my/ojs/index.php/IJSCET/article/view/8569>

¹⁸ Sustainalytics considers targeting beneficiaries having income below or near the median income to be good practice for affordable housing projects. The General Statistics Office of Vietnam reported VND 3.48 million as the third income quintile in 2021, which is near the median income of Vietnam. General Statistics Office of Vietnam, "Statistical Yearbook of Viet Nam 2021", p. 864, at: <https://www.gso.gov.vn/wp-content/uploads/2022/08/Sach-Nien-giam-TK-2021.pdf>

¹⁹ The Bank has communicated that social housing investors are responsible for inspecting the conditions of subjects eligible to purchasing social houses under their projects according to the provisions of the Law on Housing and guiding decrees. The list of individuals eligible to buy social housing, after being made by the investor, will be sent to the local Department of Construction and the community-level People's Committee where the project is located for reinspection. VPBank will check the investor's written notice of eligibility to buy social housing, and at the same time check other documents, such as the Social Housing Purchase Contract and List of Social Housing Buyers publicly announced by the investor.

²⁰ Ministry of construction, "Social housing development in 2021-2025 requires over 9.6 billion USD", (2021), at: <https://moc.gov.vn/en/Pages/Detailnews.aspx?IDNews=69365&tieude=social-housing-development-in-2021-2025-requires-over-9-6-billion-usd.aspx>

- Under the Access to Basic Infrastructure category, the Bank intends to finance or refinance projects focused on the development of public infrastructure projects in underserved areas²¹ of Vietnam. Potential projects may include:
 - Providing access to clean drinking water, sanitation facilities and associated infrastructures such as collection treatment and distribution infrastructure, sewage and septic tanks in areas without access to or with lesser coverage of such facilities. The Bank has confirmed that such activities will exclude treatment of water from fossil fuel operations. Sustainalytics views activities aimed at increasing accessibility in such areas to be impactful.
 - Developing public infrastructure such as bridges and road networks in underserved areas that face connectivity issues. VPBank has confirmed that such activities will exclude development of major highways. Sustainalytics considers the financing of roads and bridges in these areas to be socially impactful as it is expected to improve connectivity in underserved areas.
 - Development of telecommunications networks and related infrastructure, such as terrestrial mobile telecommunication services, telecommunication base stations, television services, communications and internet services in underserved areas that face connectivity issues. The Bank has confirmed that such services will be provided at an affordable rate. Sustainalytics notes that connectivity and access to basic infrastructure in underserved areas are recognized as important services and, based on the criteria specified, anticipates that such projects are expected to have positive social impacts.
- In accordance with the exclusionary criteria set out in the Framework, proceeds will not be allocated to projects or assets directly linked to coal mining, alcohol, tobacco, weapons, gambling, forced labour and child labour. For a full list of exclusionary criteria, please refer to Annexure A in the Framework. Sustainalytics views positively the Framework's inclusion of the exclusionary criteria.
- Project Evaluation and Selection:
 - VPBank's Credit Committee and E&S Specialists will be responsible for evaluating and selecting eligible projects or assets in line with the eligibility criteria in the Framework. The Credit Committee comprises: i) the chairman, who is appointed by the Board of Directors; ii) the secretary, who is a senior officer in the Re-Appraisal Department under the Credit Division; and iii) members representing the Risk Management Division, the Business Division and other relevant units. E&S Specialists consist of officers who have environmental and social (E&S) expertise and are responsible for assessing high potential E&S risks of credit applications.
 - VPBank has established a multistep assessment process. Relationship managers in each business segment will initially select projects or assets that: i) are in line with the eligibility criteria in the Framework; ii) fulfill VPBank's internal E&S requirements; and iii) are in line with the exclusionary criteria stated in the Framework. The Relationship Managers submit the selected projects or assets for review and approval to the Credit Committee and E&S Specialists.
 - VPBank incorporates an E&S risk management system in the approval and monitoring process for all allocation decisions made under the Framework. Sustainalytics considers the risk assessment process to be adequate and aligned with good practice. For additional details, please see Section 2.
 - Based on the cross-functional oversight of project selection and the presence of an E&S risk management system, Sustainalytics considers the project evaluation and selection process to be in line with the SBP and SLP.
- Management of Proceeds:
 - VPBank's Balance Sheet Management Department will be responsible for the management and allocation of proceeds on a portfolio basis through its internal information system.
 - VPBank intends to allocate all proceeds to eligible assets within 36 months of issuance. Unallocated proceeds will be temporarily held in cash and cash equivalents in accordance with the Bank's liquidity management strategy, and may include current deposits, short-term deposits

²¹ VPBank has communicated to Sustainalytics that underserved areas as per Vietnam's Decision 33/2020/QD-TTg refer to areas where communities living under poverty lines in coastal and island areas, border areas, mountainous areas with large population or minor ethnic communities.

- and investments in securities that are readily convertible to cash equivalents and subject to insignificant risks in changes to the value.
- Based on the use of a tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with the SBP and SLP.
- Reporting:
 - VPBank intends to report on an annual basis on the allocation of proceeds and corresponding impacts in its sustainable financing report or annual report, which will be disclosed to investors and lenders in Annual Impact Report until full allocation. In addition, reporting will be published as a standalone Sustainable Financing Report or as part of VPBank's Annual Report. The Bank will report the allocation of proceeds and its estimated impact on an ex-ante basis, as well as on an ex-post basis where possible and where the achieved impact can be measured meaningfully. Additionally, VPBank has communicated to Sustainalytics that it may, where feasible, disclose the allocation and impact metrics publicly. Allocation reporting will include the amount of proceeds allocated to eligible categories, the balance of unallocated proceeds and the share of proceeds allocated to financing versus refinancing of projects.
 - VPBank also intends to disclose relevant social metrics either on each project or on a portfolio level, which may include the number of loans disbursed to SMEs, the number of people with access to healthcare services, the number of educated students, the number of affordable housing loans disbursed and the number of people with access to clean water.
 - Based on the Bank's reporting commitments, Sustainalytics considers this process to be aligned with the SBP and SLP.

Alignment with Social Bond Principles 2021

Sustainalytics has determined that the VPBank Social Finance Framework aligns with the four core components of the SBP and SLP. For detailed information, please refer to Appendix 1: Social Bond/Social Bond Programme External Review Form.

Section 2: Sustainability Strategy and Performance of VPBank

Contribution of Framework to VPBank's sustainability strategy

Sustainalytics is of the opinion that VPBank demonstrates a commitment to sustainability by adopting a sustainable business strategy, which has six key areas of action under its ESG pillars: i) economic efficiency, ii) green finance, iii) financial justice, iv) E&S risks, v) resource efficiency, and vi) health and safety. As part of the financial justice action area, the VPBank intends to redress the balance for vulnerable customers to access finance with a goal to support women entrepreneurs and businesses impacted by COVID-19. In 2016, the Bank developed an Environmental and Social Management System (ESMS) in line with the IFC's recommendations.

Women-led enterprises made up 22.7% of VPBank's total MSME investment in 2021, with a 4.5% increase relative to 2020. In 2021, the Bank rolled out a business health check tool to provide holistic support to women-led enterprises, focusing on such enterprises' business models, sales marketing, corporate governance, operations, financial governance and human resource management. VPBank raised USD 300 million from international partners to support and provide SMEs and women-led enterprises with better access to financing through preferential interest rate programmes, fee waivers and opportunities to access low-interest loans. Moreover, VPBank continued practices of debt rescheduling, extending and restructuring to reduce the financial burdens of women-led SMEs impacted by the COVID-19 pandemic. VPBank also supported customers affected by the COVID-19 pandemic by reducing lending rates in line with the State Bank of Vietnam's policies.

In 2021, VPBank was among the top 20 listed companies with the highest Vietnam Sustainability Index (VNSI) of the Ho Chi Minh Stock Exchange (HOSE) and remained in the top 20 for three consecutive years.²² The Bank received a 'very good' development effectiveness rating (DERa) and overall ESG indicator by KFW's

²² HOSE, "VNSI Stock Basket", at: <https://www.hsx.vn/Modules/Listed/Web/StockIndexView/188802577>

DEG.²³ The Bank also received the highest ESG score in Fair Finance Vietnam's Sustainable Finance Bank Policy assessment among 10 banks with the highest market capitalizations in Vietnam.^{24,25}

Based on the above, Sustainalytics is of the opinion that the VPBank Social Finance Framework is aligned with the Bank's overall sustainability strategy and initiatives and is expected to further the Bank's action on its key social priorities. Sustainalytics encourages the Bank to establish time-bound quantitative sustainability targets where feasible.

Approach to managing social and environmental risks associated with the projects

Sustainalytics recognizes that the net proceeds from the Framework will be directed towards eligible projects that are expected to have positive social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks commonly associated with the eligible projects could include issues related to over-indebtedness, predatory lending, business ethics and stakeholder engagement, and human rights.

Sustainalytics is of the opinion that VPBank is able to manage and mitigate potential risks by implementing the following:²⁶

- VPBank assesses and manages E&S risks in line with national laws and the IFC's E&S performance standards since 2016 as part of the Bank's ESMS, which is overseen by the Bank's deputy CEO, Head of Legal and Compliance Division. VPBank's Environmental and Social Department under the Legal and Compliance Division systems and policies, including the E&S risk management system and the Bank's exclusionary list, list businesses that are ineligible and help to prevent E&S risks.²⁷
- VPBank has integrated E&S risk management into its overall bank-level risk management. The Bank's Risk Committee closely monitors the process of planning and measuring ESG risks for its integration into the Bank's overall risk management framework. The Bank is also developing a dedicated ESG risk management framework to manage E&S risks.²⁸
- For managing over-indebtedness risk, VPBank applies Basel II and III for the operation of a sound credit granting process, which encompasses an assessment of borrowers' risk profiles and credit worthiness.²⁹ The Bank has also developed a three-year road map to implement Basel IV approaches. VPBank has implemented an SNL Platform,³⁰ which updates and monitors customers' credit ratings through credible agencies, and an early warning system (EWS) that helps in detecting and correcting potential credit problems.
- Regarding predatory lending and business ethics risks, VPBank's sustainability mission emphasizes responsible lending practices. The Bank has developed OFSAA, an application system for assessing and monitoring activities related to money laundering and terrorism financing. VPBank's Code of Ethics and Business Conduct lays out how the Bank conducts business, including how to help customers make informed financial decisions that are fair and honest.³¹
- Regarding stakeholder engagement and human rights risks, VPBank will inform customers about its Environmental and Social Action Plan (ESAP). The Bank will reject customers' loan applications if their business plans do not meet the Bank's E&S requirements or cause irreversible E&S damage. A customer's commitment to compliance with E&S policies is required in the credit contract or co-operation agreement for loan requirements. VPBank keeps track of customers by assessing their environmental awareness on protecting communities and the environment from any potential negative impacts. The risks related to human rights at the customers/borrower level are assessed by VPBank as part of its E&S risk assessment process. The Bank addresses human rights risk through its exclusionary list, which eliminates forced labour and child labour, and the Bank integrates

²³ KWF's DEG evaluates the development effectiveness of projects or organizations in terms of promoting local development and contribution to SDGs on five outcome categories, namely, decent jobs, local income, market and sector development, environmental stewardship and community benefits. DERA rating includes a scale of five ranges from lowest to highest – unsatisfactory, satisfactory, good, very good and exceptional/outstanding. KFW DEG, "Development Effectiveness Rating (DERA)", at: https://www.deginvest.de/DEG-Documents-in-English/About-us/What-is-our-impact/Policy-brief_EN_final.pdf

²⁴ Fair Finance Asia, "Sustainable Finance Bank Policy Assessment in Vietnam", at: <https://vietnam.fairfinanceasia.org/policy-assessment/>

²⁵ VP Bank, "Annual Report", (2021), at: <https://www.vpbank.com.vn/-/media/2c9460782318453d90583ff620fb8e11.ashx>

²⁶ Ibid.

²⁷ VPBank, "VPBank's exclusion list", at: <https://www.vpbank.com.vn/sites/default/files/pictures/VPBank%20exclusion%20list.pdf>

²⁸ VPBank, "Corporate Governance Report First Half", (2022), at: <https://www.vpbank.com.vn/-/media/vpbank-latest/5nha-dau-tu/quan-tri-ngan-hang/bao-cao-quan-tri-nam-2022/corporate-governance-report-first-half-2022.pdf>

²⁹ BIS, "Principles for the Management of Credit Risk", at: <https://www.bis.org/publ/bcbsec125.pdf>

³⁰ VPBank, "Aspiration to Prosperity", (2021), at: <https://www.vpbank.com.vn/-/media/2c9460782318453d90583ff620fb8e11.ashx>

³¹ VPBank, "Code of Conduct", at: https://www.vpbank.com.vn/sites/default/files/code%20of%20conduct%20VPBank_E%20-%20revised.pdf

human rights into its employee code of conduct. The Bank's E&S policies are also applied to suppliers and vendors to eliminate any impacts on the supply chain.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that VPBank has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the SBP and SLP and is relevant in the local context.

Importance of financing MSMEs and women-owned and -led MSMEs to facilitate employment generation in Vietnam

Access to financial services is a key component of global economic development due to its high correlation with increased access to other basic services, such as housing, healthcare and education.³² It reduces poverty and allows individuals to accumulate savings, access financial education resources and take advantage of financial opportunities.³³ In particular, improving financial services for MSMEs is important because they account for approximately 44.8% of GDP and 85% of formal job creation in ASEAN countries.³⁴ Despite their economic importance, MSMEs face significant barriers in accessing finance, often due to their lack of credit history or collateral that are necessary for financial assistance.³⁵ In light of the COVID-19 pandemic and its effects, it has become increasingly important to provide support to MSMEs given that these smaller businesses recover slower from economic shocks than larger firms.³⁶

SMEs represent 97% of all businesses operating in Vietnam. In terms of value added to the economy, MSMEs account for 45% of the country's GDP.³⁷ Women owned enterprises account for 24% of the total active enterprises in Vietnam. More than half of these women-owned enterprises have fewer than 10 employees, while only 10% of women-owned enterprises have more than 50 employees. Despite their importance, women-owned enterprises face challenges such as limited access to finance and technology, limitations of collateral requirements and high interest rates while facing inadequate levels of financial and digital literacy, a lack of opportunities for capacity development and socio-cultural norms, all of which prevent women from achieving their full economic potential. In 2019, it was reported that women-owned enterprises failed to apply for a loan or were rejected due to a lack of collateral (32% of cases), a weak or no business plan (10%), a bad credit history (12%) or inadequate loan documents (12%). Moreover, the financing gap of women-owned enterprises in Vietnam is estimated to be USD 1.12 billion, highlighting inadequate access to financial services.³⁸ To address these issues, the Government of Vietnam established an SME law³⁹ to provide support for SMEs in areas such as access to credit, tax and accounting support, legal advice and human resource development. The government issued a decree in 2021 to support women-owned businesses by providing consulting services related to human resources, finance, production and sales. The decree also provides free tuition for employees facing socio-economic difficulties and women-owned SMEs.⁴⁰

Based on this context, Sustainalytics is of the opinion that VPBank's investments under the Framework are expected to facilitate MSME financing, bridge gender financing divides and enhance employment generation while supporting economic growth in Vietnam.

³² UNSGSA, "Financial inclusion", at: <https://www.unsgsa.org/financial-inclusion>

³³ World Bank, "Global Findex Database", (2017), at: <https://globalfindex.worldbank.org/>

³⁴ Association of Southeast Asian Nations, "Development of micro, small and medium enterprises in ASEAN (MSME)", at: <https://asean.org/our-communities/economic-community/resilient-and-inclusive-asean/development-of-micro-small-and-medium-enterprises-in-asean-msme/>

³⁵ World Bank Group, "MSME Finance Gap", (2017), at:

<https://www.smefinanceforum.org/sites/default/files/Data%20Sites%20downloads/MSME%20Report.pdf>

³⁶ JPMorgan Chase & Co., "Small Business Financial Outcomes during the COVID-19 Pandemic", (2020), at:

<https://www.jpmorganchase.com/institute/research/small-business/report-small-business-financial-outcomes-during-the-covid-19-pandemic>

³⁷ Ministry of Planning and Investment, "Roundtables: Small and Medium Enterprises and the EVFTA", (March 2021), at:

<https://www.mpi.gov.vn/en/Pages/tinbai.aspx?idTin=49802&idcm=133>

³⁸ UNESCAP, "The SME Law and Its Impact on Women Entrepreneurs in Vietnam", (2022), at <https://www.unescap.org/sites/default/d8files/knowledge-products/21Jan22-CWE-VietnamReport.pdf>

³⁹ The Law 04/2017/QH14 on Support for SMEs is referred as SME law and was officially promulgated and took effect on 1 January 2018.

⁴⁰ UNESCAP, "The SME Law and Its Impact on Women Entrepreneurs in Vietnam", (2022), at <https://www.unescap.org/sites/default/d8files/knowledge-products/21Jan22-CWE-VietnamReport.pdf>

Alignment with/contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The bonds and loans issued and borrowed under the VPBank Social Finance Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Access to Essential Services – Financial Inclusion, Employment Generation, Socio-economic Advancement and Empowerment	9. Industry, Innovation and Infrastructure	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
Access to Essential Services – Healthcare	3. Good Health and Well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality, and affordable essential medicines and vaccines for all
Access to Essential Services – Education and Vocational Training	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe, and affordable housing and basic services and upgrade slums
Affordable Basic Infrastructure – Clean Drinking water, Sanitation, Transport, Telecom Network	9. Industry, Innovation and Infrastructure 11. Sustainable Cities and Communities	9.1 Develop quality, reliable, sustainable, and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all 11.2 By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Conclusion

VPBank has developed the VPBank Social Finance Framework, under which it may issue social bonds, loans or other debt instruments such as private placements or trade facilities. The proceeds will be used to finance and refinance, in whole or in part, existing and future projects in the eligible categories. Sustainalytics considers that the projects funded by the proceeds from the instruments issued under the Framework are expected to provide a positive social impact in Vietnam.

The VPBank Social Finance Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the VPBank Social Finance Framework is aligned with the overall sustainability strategy of the Bank and that the social use of proceed categories are expected to contribute to the advancement of the UN Sustainable Development Goals 3, 4, 9 and 11. Additionally, Sustainalytics is of the opinion that VPBank has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that Vietnam Prosperity Joint Stock Commercial Bank is well positioned to issue and borrow social bonds and loans, and that the VPBank Social Finance Framework is robust, transparent and in alignment with the core components of the Social Bond Principles 2021 and Social Loan Principles 2021.

Appendix

Appendix 1: Social Bond/ Social Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Vietnam Prosperity Joint Stock Commercial Bank
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	VPBank Social Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	October 27, 2022
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds (Access to Essential Services – Financial Inclusion, Employment Generation, Socioeconomic Advancement and Empowerment, Access to Essential Services - Healthcare, Access to Essential Services - Education and Vocational Training, Affordable Housing, Affordable Basic Infrastructure - Clean Drinking Water, Sanitation, Transport, Telecom Network) are aligned with those recognized by the Social Bond Principles and Social Loan Principles that seek to achieve positive socio-economic outcomes in Vietnam. Sustainalytics considers that investments in the eligible categories are expected to lead to positive social impacts and advance the UN Sustainable Development Goals, specifically, SDGs 3, 4, 9 and 11.

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input checked="" type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Vietnam Prosperity Joint Stock Commercial Bank's Credit Committee and E&S Specialists will be responsible for evaluating and selecting eligible projects in line with the eligibility criteria in the Framework. The Vietnam Prosperity Joint Stock Commercial Bank has established an environmental and social risk management system that is applicable to all allocation decisions made under the Framework. Sustainalytics considers the project selection process in line with the Social Bond Principles and Social Loan Principles.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Social Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment

Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Vietnam Prosperity Joint Stock Commercial Bank's Balance Sheet Management Department will be responsible for the management and allocation of proceeds through its internal information system. The Bank intends to allocate all proceeds to eligible assets within 36 months of issuance. Unallocated proceeds will be temporarily held in cash and cash equivalents in accordance with the Bank's liquidity management strategy. This is in line with the Social Bond Principles and Social Loan Principles.

Tracking of proceeds:

- Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Vietnam Prosperity Joint Stock Commercial Bank intends to report on the allocation of proceeds to its investors on an annual basis until full allocation. Allocation reporting will include the amount of proceeds allocated to eligible categories, the balance of unallocated proceeds and the share of proceeds allocated to financing versus refinancing of projects. The Vietnam Prosperity Joint Stock Commercial Bank also intends to disclose relevant social metrics either on each project or on a portfolio level. Sustainalytics views Vietnam Prosperity Joint Stock Commercial Bank's allocation and impact reporting as aligned with the Social Bond Principles and Social Loan Principles.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (please specify):

Information reported:

- Allocated amounts Social Bond financed share of total investment
- Other (please specify):

Frequency:

- Annual Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- Number of beneficiaries Target populations

Other ESG indicators (*please specify*):
Number of loans disbursed to SMEs, number of people with access to healthcare services, the number of students educated, the number of affordable housing loans disbursed, and the number of people with access to clean water.

Frequency:

- Annual Semi-annual
- Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (please specify): Report will be published as a standalone Sustainable Financing Report or as a part of VPBank's annual report, and Annual Impact Report will be submitted to all lenders
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- i. **Second-Party Opinion:** An institution with social expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Social Bond Scoring/Rating:** An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

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For more information, visit www.sustainalytics.com

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